

# INFORMATION BULLETIN

## Refund Information for Members with More Than 34 years of Upgraded 2.2 Service Credit

July 2002

### General information

Members who have upgraded to the 2.2 flat rate formula achieve a maximum 75 percent retirement annuity with 34 years of service credit. Service credit includes TRS-covered employment, purchased optional service, and up to one year of service credit for unused, uncompensated sick leave. Public Act 91-0017 reduces the cost of 2.2 upgrades for members with more than 34 years of service.

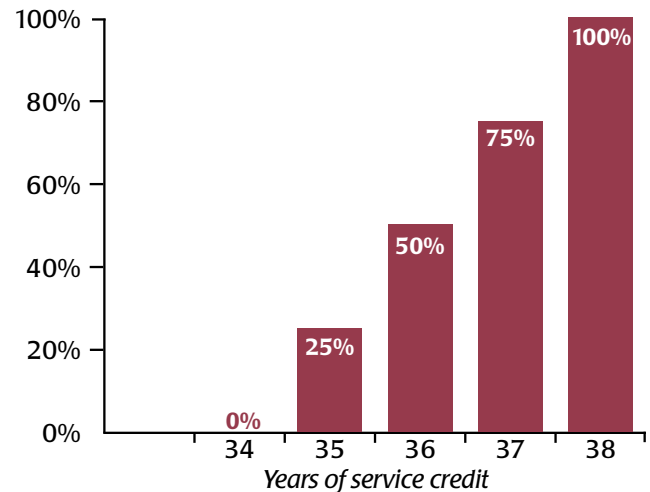
Members who retire with more than 34 years of service credit have several options that may permit a refund or a reduction of the 2.2 upgrade cost. These options include:

- a 25 percent reduction in upgrade costs for each year of creditable service beyond 34 years, up to a maximum of 100 percent. Partial years are prorated;
- optional service purchases or refund repayments that cause total service to exceed 34 years may be refunded based on the average cost of the optional service; or
- if offered by their employer, members may want to consider receiving a lump-sum payment for unused sick leave days instead of using the sick days for service credit and taking a refund from TRS.

### 25 percent per year refund

The following chart illustrates the cost reduction feature for retirements that became effective in June 1999, or later. Partial years will be prorated.

Percentage of 2.2 upgrade cost refunded



TRS will calculate the amount of any refund due and will credit the member with 6 percent interest.

### Refund of excess purchases and repayments

#### Optional service purchases

TRS will prorate refunds of optional service purchases that cause a member who has upgraded to exceed 34 years of service credit. Optional service purchases include credit for military service, a leave of absence, pregnancy, adoption, substitute or part-time service, and out-of-system service. The amount refunded will be based on the average cost of all optional service purchased by a member.



### ***Payments to reinstate service***

TRS will return the entire amount of a payment made to repay a prior refund of TRS member contributions under the following conditions: (1) the entire amount of the repayment must be refunded and (2) the member must have at least 34 years of service credit after the return of the repayment. By law, TRS cannot return a portion of a refund repayment.

### ***No interest***

The Illinois Pension Code does not authorize payment of interest on refunds of excess purchased service.

### ***Amount refunded***

If the member has more than one refund option, TRS will refund the greater of the refund options automatically.

### ***Employer attendance incentives***

Some employers offer payment for unused sick days. A member who is considering accepting such a payment should compare the amount of the employer-paid incentive to the amount of any possible refund. The timing and amount of the incentive may affect the retirement benefit.

### ***Assistance***

For assistance in understanding your options, please call our Member Services Department at (800) 877-7896. TRS member services counselors can help estimate the amount of a refund, possible changes in the amount of your retirement annuity, and provide assistance as you consider your options. Please consider your options carefully. The Illinois Pension Code does not allow changes to be made after your annuity has begun.